

## Message Text

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SUBJECT: STATEMENT ON OECD TARGET BUDGET FOR 1977

REF: (A) OECD PARIS 19555, (B) STATE 171201

1. SUMMART: AT COUNCIL MEETIHG ON JULY 20, SECGEN  
VN LENNEP ANNOUNCED THAT 1977 OECD BUDGET WOULD BE  
PREPARED ON BASIS OF TARGET GROWTH IN REAL TERMS OF  
TWO PERCENT, DIVIDED ROUGHLY EQUALLY BETWEEN INCREASED  
RESOURCES FOR SUBSTANTIVE PROGRAMS AND NEW EXPENDITURES  
FOR ADMINISTRATIVE INFRASTRUCTURE. END SUMMARY.

2. AT COUNCIL MEETING ON JULY 20, SECGEN GAVE ADDITION-  
AL INFORMATION ON SECRETARIAT PLANNING FOR 1977 BUDGET.  
FOLLOWING UP OH RECENT DISCUSSION OF TARGET BUDGET  
(REF A), VAN LENNEP INDICATED THAT BUDGET WOULD BE  
PREPARED ON BASIS OF ABOUT A TWO PERCENT INCREASE IN  
REAL TERMS IH SUBSTANTIVE PROGRAM EXPENDITURES IN PART  
I. HE CITED AS HIGH PRIORITY AREAS WHICH WOULD REQUIRE  
INCREASED RESOURCES: (1) WORK ON GENERAL ECONOMIC POLICY  
PARTICULARLY STRUCTURAL AND SECTORAL PROBLEMS ASSOCIATED  
WITH NON-IHFLATIOHARY GROWTH, (2) FOLLOW-UP TO THE  
MINISTERIAL DECISIOHS ON INVESTMENT AND MULTI-NATIONAL  
ENTERPRISES AHD (3) INCREASED WORK THROUGHOUT  
SECRETARIAT IH GENERAL AREA OF DEVELOPMENT COOPERATION.  
HE NOTED THAT ADDITIONAL RESOURCES WOULDALSO BE REQUIRED FOR  
SUCH DIRECTORATES AS MANPOWER AND SOCIAL AFFAIRS, SCIEN-  
CE, TECHHOLOGY AND INDUSTRY, AGRICULTURE, AND FINANCIAL

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AND FISCAL AFFAIRS TO PERMIT THEM TO CONTRIBUTE TO ABOVE

PRIORITY PROGRAMS. THESE INCREASES WOULD BE PARTIALLY  
BALANCED BY CUTBACK IN PROGRAMS OF LOWER PRIORITY.

3. VAN LEHNEN INDICATED THERE WOULD BE A NEED TO  
INCREASE EXPENDITURES ON ADMINISTRATION AND INFORMATION  
BY ABOUT THREE PERCENT IN REAL TERMS, TO PROVIDE  
NEEDED EXPANSION IN FRENCH TRANSLATION SERVICES AND  
REPLACEMENT OF OLD AND INEFFICIENT PLANT EQUIPMENT.  
HOWEVER, THIS WOULD BE PARTIALLY OFFSET BY ASSOCIATED  
REVENUES, E.G., SALES OF PUBLICATIONS AND REIMBURSEMENT  
OF PART II ACTIVITIES, RESULTING IN NET INCREASE OF  
ABOUT TWO PERCENT IN REAL TERMS IN THIS CATEGORY. THE  
COMBINED ADMINISTRATIVE AND SUBSTANTIVE BUDGET INCREASE  
WOULD THEREFORE TOTAL ABOUT TWO PERCENT IN REAL TERMS.

4. VAN LEHNEN SUGGESTED THAT THERE MIGHT BE NEED FOR  
ADDITIONAL BUILDING OR CONSTRUCTION EXPENDITURE. HE  
ASSERTED THAT SUCH EXPENDITURES HAD ALWAYS BEEN CONSID-  
ERED SEPARATELY FROM OVERALL BUDGET DISCUSSION AND THAT,  
THEREFORE, THEY HAD NOT BEEN INCLUDED IN TARGET FIGURE  
OF TWO PERCENT.

5. IN SUBSEQUENT DISCUSSION, VAN LEHNEN INDICATED HE  
HAD CONCLUDED THAT IT WOULD NOT BE POSSIBLE TO OBTAIN  
PRIOR CPINCIL COMMITMENT TO TARGET FIGURE AND THAT  
HE THEREFORE INTENDS TO PROCEED WITH BUDGET PREPARATION  
ON THE BASIS OF CONSIDERATIONS INDICATED ABOVE. TUNE

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